

Message Text

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EXDIS

E.O. 11652: GDS

TAGS: ENRG, MNUC, TECH, UK

SUBJECT: NON-PROLIFERATION POLICY BILATERAL

REF: STATE 62950

1. ATMOSPHERE OF US/UK NON-PROLIFERATION BILATERAL DIS-
CUSSIONS MARCH 21-22 WAS OPEN AND FRIENDLY. TALKS AD-
DRESSED US AND UK NUCLEAR POLICY DEVELOPMENTS, FUEL
ASSURANCES, REPROCESSING AND FRG/BRAZIL DEAL INCLUDING
POSSIBLE NEXT STEPS IN PROCESS OF DEFERRING TRANSFERS
OF SENSITIVE ENRICHMENT AND REPROCESSING ELEMENTS.

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2. US SPOKESMAN (NYE) OPENED DISCUSSIONS BY EXPLAINING
THAT US IN PROCESS OF COMPLETING NUCLEAR POLICY REVIEW.
HE NOTED THAT NO PRESIDENTIAL DECISION TAKEN AT THIS
STAGE BUT "BEST ESTIMATE" WAS THAT US WOULD SEEK TO
MINIMIZE PACE, SPREAD OF NUCLEAR EXPLOSIVE CAPABILITIES
THROUGH POLICY OF CONTROLS AND RESTRAINTS ON TRANSFER OF

SENSITIVE TECHNOLOGIES IN COMBINATION WITH INCENTIVES TO FOREGO SUCH TRANSFERS IN FORM OF FUEL SUPPLY ASSURANCES AND WASTE DISPOSAL ARRANGEMENTS. NYE STRESSED IMPORTANCE OF AVOIDING "INNOCENT PROGRESS" TOWARD EXPLOSIVE CAPABILITY THAT ENRICHMENT AND REPROCESSING FACILITIES PERMIT BY

CREATING STOCKPILES OF WEAPONS-USEABLE MATERIALS. NYE ALSO EXPLAINED US EXPECTS TO PROPOSE INTERNATIONAL FUEL CYCLE EVALUATION TO CONSIDER IN MULTILATERAL CONTEXT POSSIBILITIES FOR AVOIDING STOCKS OF WEAPONS-USEABLE MATERIAL AND ADDRESS MEANS TO ASSURE SECURE AND ECONOMIC FUEL SUPPLIES, AND ADEQUATE SPENT FUEL STORAGE AND WASTE DISPOSAL CAPABILITIES FOR LWR USERS.

3. UK (MOBERLY) EXPRESSED APPRECIATION FOR OVERVIEW OF US THINKING. MOBERLY NOTED THAT HMG WOULD AGREE THAT CONTROLS/DENIAL NOT SUFFICIENT; THAT INCENTIVES TO FOREGO SENSITIVE TRANSFERS ALSO NEEDED. HE ALSO SAID THAT AS GENERAL MATTER HMG CONCERNED THAT SUPPLIER COUNTRY APPROACHES TO NON-PROLIFERATION MATTERS BE COORDINATED AND THAT SUCH APPROACHES SHOULD BE BASED ON PRINCIPLE OF RECIPIENT COOPERATION TO AVOID NORTH/SOUTH CONFRONTATION OVER NON-PROLIFERATION POLICY. IN RESPONSE TO QUESTION BY MOBERLY ABOUT FORMAT FOR FUEL CYCLE EVALUATION, NYE EXPLAINED WE ENVISION THAT IT WOULD INCLUDE NATIONS WITH MAJOR NUCLEAR ENERGY CAPABILITIES OR POTENTIAL IN A CONSULTATIVE GROUP.

4. ON FUEL ASSURANCES, ERDA (SIEVERING) EXPLAINED THAT US SAW MERIT IN RATIONALIZING SUPPLY AND INCREASING SUPPLY
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SECURITY THROUGH SUCH MEASURES AS CROSS INVESTMENT IN ENRICHMENT FACILITIES, MULTILATERAL COMMITMENTS TO BACK UP FUEL CONTRACTS AND POSSIBLY EARMARKED SUPPLIES. HE STATED THAT IT WOULD BE IMPORTANT THAT OVERALL SYSTEM HAVE BUILT-IN EXCESS CAPACITY TO ENSURE BUYERS MARKET. NYE STRESSED THAT SEVERAL ELEMENTS OF FUEL ASSURANCES MUST BE SEEN AS MUTUALLY REINFORCING. HE STRESSED THAT US DOES NOT INTEND FUEL ASSURANCES TO LEAD TO US UNDERMINING COMMERCIAL POSITION OF OTHER SUPPLIERS. MOBERLY RESPONDED THAT SUGGESTIONS APPEARED TO BE ESSENTIALLY SENSIBLE COMMERCIAL ARRANGEMENTS. HE SAID THAT UK BELIEVED ASSURANCES SHOULD WORK BOTH WAYS, HOWEVER. IT WOULD BE USEFUL TO HAVE URANIUM ASSURED TO ENRICHERS AS WELL AS FUEL TO CONSUMERS.

5. UK SUGGESTED THAT AN INTERNATIONAL REGIME FOR STORAGE OF SEPARATED PLUTONIUM APPEARED HAVE MERIT AS ONE ELEMENT OF A PACKAGE OF NON-PROLIFERATION MEASURES. US RESPONSE WAS WHILE WE WOULD GIVE PROPOSAL SERIOUS STUDY, CONCERN WAS THAT INTERNATIONAL STORAGE WILL BE USED TO LEGITIMIZE

REPROCESSING AND THAT DEFINITIONS AND RELEASE CRITERIA WOULD HAVE STOCK OF WEAPONS-USEABLE MATERIALS AT HAND. US ASKED UK TO CONSIDER IDEA OF STORAGE OF SPENT FUEL, WITH EQUIVALENT ENERGY VALUE IN NEW LEU FUELS AVAILABLE TO COUNTRY IN QUESTION, OR A PLUTONIUM CREDIT FOR USE IN BREEDER

REACTOR IN FUTURE IF APPROPRIATE.

6. US AND UK REVIEWED DIFFERING APPROACHES TO REPROCESSING. UK REFLECTED VIEW THAT REPROCESSING IS NECESSARY FOR WASTE HANDLING AND RESOURCE REASONS, AND MAY BE ONE AREA OF SERIOUS DIFFERENCES WITH US. THE UK PREFERS MAXIMUM RESTRAINT AMOUNTING TO HALT IN SENSITIVE EXPORTS, RATHER THAN OPEN DECLARATION BY SUPPLIERS ON MORATORIUM. UK BELIEVES THEY SHOULD STAY INVOLVED TO BE ABLE TO SHAPE INTERNATIONAL REPROCESSING DEVELOPMENTS. THEY MADE CLEAR THAT FLAT US DECLARATION THAT REPROCESSING IS BAD WOULD
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GIVE THEM SERIOUS PROBLEMS, AND STRESSED THAT THEY DO NOT INTEND TO DEFER START OF NEW REPROCESSING PLANT. FURTHER, US POLICY DENYING PERMISSION TO REPROCESS US-ORIGIN FUEL IN THE UK WOULD ALSO CAUSE PROBLEMS FOR UK. US RESPONDED WITH EXPLANATION OF VIEWS, ARGUING THERE IS NO HURRY TO REPROCESS, THAT WE ARE SENSITIVE TO NEED TO DEAL WITH ENERGY NEEDS AND CONCERNS OF OTHER COUNTRIES, AND THAT WASTE HANDLING IS NOT SUFFICIENT REASON FOR REPROCESSING.

7. UK WAS RECEPTIVE TO INVOLVEMENT IN INTERNATIONAL EVALUATION PROGRAM AND NOTED POTENTIAL CONTRIBUTION OF UK REPROCESSING FACILITIES TO PROPOSED EFFORT. THEY WERE TOLD US POLICY IS NOT YET DETERMINED ON APPROVALS OF RETRANSFER TO UK AND FRANCE OF US-ORIGIN SPENT FUEL FOR REPROCESSING; MOBERLY EMPHASIZED IMPORTANCE OF SUCH APPROVALS TO UK, BUT UNDERSTOOD THAT IF SUCH APPROVALS ARE GIVEN, THE US IS ALMOST CERTAIN TO REQUIRE RIGHT OF APPROVAL ON USE OF PRODUCED PLUTONIUM.

8. FRG/BRAZIL REACTOR AGREEMENT DISCUSSED AT LENGTH. PRINCIPLES OF US POSITION AS EXPLAINED TO UK ARE:

-- NO ABROGATION OF AGREEMENT, US ONLY CONCERNED WITH SENSITIVE ENRICHMENT AND REPROCESSING ELEMENTS;

-- NO COMMERCIAL DISADVANTAGE FOR FRG OR BRAZIL;

-- SOLUTION TO BE PART OF GENERAL SOLUTION TO SENSITIVE TRANSFER AND NON-PROLIFERATION QUESTION.

9. NYE REVIEWED PREVIOUS CONSULTATIONS WITH BRAZIL AND

FRG, NOTING THAT GOB HAD ASKED FOR OUR PROPOSALS IN WRITING AND IS CONSIDERING THEM. FOR US PART, AT FRG REQUEST WE ARE STUDYING DETAILS OF SENSITIVE TRANSFERS COVERED BY TWO OUTSTANDING EXPORT LICENSES WITHOUT PREJUDICE TO OUR POSITION ON POLITICAL, SYMBOLIC AND PRECEDENTAL IMPLICATIONS;

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ALSO, AT GOB REQUEST WE ARE LOOKING AGAIN AT PLUTONIUM STORAGE PROPOSAL.

10. REGARDING QUESTION OF CONSEQUENCES OF RENEWAL OF URENCO SUPPLY CONTRACTS FOR ANGRA 2 AND 3 BY MARCH 31, US EXPLAINED THAT WE WOULD PREFER DEFERRAL TO KEEP PRESSURE ON GOB AS MUCH AS POSSIBLE. UK AGREED PASS US THINKING TO LONDON WITH VIEW TO UK ARGUING FOR "LIMITED BUT INDEFINITE" DEFERRAL OF DECISION WITH FRG AND DUTCH PARTNERS AT EC SUMMIT IN ROME THIS WEEK. AS PER REFTEL, UK POINTED OUT FRENCH WILLINGNESS NOT ATTEMPT REPLACE URENCO CONTRACTS IF CONTRACTS ALLOWED TO TEMPORARILY LAPSE WOULD HELP WITH DECISION.

11. US AND UK SIDES REVIEWED QUESTION OF POSSIBLE EXPANSION OF LONDON NUCLEAR GROUP TO INCLUDE CONSUMERS AND POTENTIAL SUPPLIERS SUCH AS BRAZIL. UNOFFICIAL UK REACTION WAS THAT CONSUMER PARTICIPATION CO'LD BE USEFUL TO PURSUE FOLLOWING NEGOTIATION AND PUBLICATION OF NUCLEAR GUIDELINES, WHICH SHOULD BE BASIS FOR ADMISSION TO GROUP. INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM COULD BE PURSUED IN SEPARATE CONSULTATIVE GROUP, ALTHOUGH POSSIBILITY OF ADDRESSING THIS NEW FIELD IN LONDON GROUP WAS ALSO DISCUSSED.

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